Tools to Revitalize California Communities presents

"The California Health Facility Construction Loan Insurance Program (The Cal-Mortgage Loan Insurance Program)"

> September 25, 2002 Oakland, California

Presented by:



Construction Financing Specialist
Cal-Mortgage Loan Insurance Division
Office of Statewide Health Planning and Development

Organizational Structure

- ***State of California**Gray Davis, Governor
- * Health and Human Services Agency Grantland Johnson, Secretary
- * Office of Statewide Health Planning and Development (OSHPD)
 - David M. Carlisle, M.D., Ph.D., Director

Office of Statewide Health Planning and Development

Director
David M. Carlisle, M.D., Ph.D.

•Civil Rights

Legal Office

Legislative Affairs

Public Affairs

Health Care Quality & Analysis

Division

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Deputy Director

Health Care Workforce & Community

Development Division

Pablo Rosales

Deputy Director

Healthcare Information Division

Michael G. Kassis

Deputy Director

Facilities Development Division

Kurt A. Schaefer, PE

Deputy Director

Cal-Mortgage Loan Insurance Division

Dale A. Flournoy

Deputy Director

Administration Division

Scott Gregersen

Deputy Director

Our Mission

* To improve the overall delivery and accessibility of health care in California by providing access to low-cost capital for needed health facilities, including those health facilities that may not otherwise have such access.

Our Statute States:

* To provide, without cost to the state, an insurance program for health facility construction, improvement, and expansion loans in order to stimulate the flow of private capital into health facilities construction, improvement, and expansion and in order to rationally meet the need for new, expanded and modernized public and nonprofit health facilities necessary to protect the health of all the people of this state.

Eligibility

- * Non-profit, public benefit corporations with a 501(c) (3) designation from the Internal Revenue Service
- * Political subdivisions including cities, counties, health care districts, and joint powers authorities
- * Loan must be used by an eligible "health facility" as defined in statute

Eligible Facilities

- * Acute care hospitals
- * Skilled nursing facilities
- * Intermediate care facilities
- * Primary care clinics
- * Adult day health care facilities
- * Multi-level facilities (CCRC's or RCFE's with an SNF or ICF)
 - Assisted Living eligibility limited
- * Chemical dependency recovery facilities
- * Mental health facilities
- Facilities for the developmentally disabled
- * Group homes

Costs

- * Application fee of \$500
- * One-time certification and inspection fee of 0.4% of the insured loan
- * One-time insurance premium equal to 3% of the total principal and interest
 - Insurance premiums are reduced for projects rated by Moody's, Standard & Poors, or Fitch

New Fee Schedule

Rating	Discounted		
Standard & Poor's	Moody's	Fitch	Premium
AAA	Aaa	AAA	
AA+	Aa1	AA+	0.80%
AA	Aa2	AA	0.85%
AA-	Aa3	AA-	0.90%
A+	A1	A+	1.15%
Α	A2	Α	1.20%
A-	A3	A-	1.25%
BBB+	Baa1	BBB+	1.80%
BBB	Baa2	BBB	1.85%
BBB-	Baa3	BBB-	1.90%
Below Inve			
BB+	Ba1	BB+	2.65%
BB	Ba2	BB	2.70%
BB-	Ba3	BB-	2.75%
B+	B1	B+	2.80%
В	B2	В	2.85%
B-	B3	B-	2.90%
CCC	CCC	CCC	2.95%
Unrated or I	3.00%		

Insurance Premium Grid

Assumptions

Maturity 25 Amortization 23 Interest Rate 6.00%

(\$000)

	Estimated							Lower
Par	Total Debt	Α	A-	BBB+	BBB	BBB-	BB+	than
Amount	Service	1.20%	1.25%	1.80%	1.85%	1.90%	2.65%	CCC
\$1,000	\$1,884	\$23	\$24	\$34	\$35	\$36	\$50	\$56
5,000	9,418	113	118	170	174	179	250	282
10,000	18,836	226	235	339	348	358	499	565
20,000	37,672	452	471	678	697	716	998	1,130
30,000	56,508	678	706	1,017	1,045	1,074	1,497	1,695
50,000	94,179	1,130	1,177	1,695	1,742	1,789	2,496	2,825
75,000	141,269	1,695	1,766	2,543	2,613	2,684	3,744	4,238

Application Process

- 1 Preliminary Review
- 2 Formal Application
- 3 Staff Analysis and Recommendation
- 4 Advisory Loan Insurance Committee Review
- 5 Preliminary Letter of Commitment
- 6 Sale of Bonds
- 7 Close of Escrow

Formal Application

- * Demand/Needs Assessment Analysis
- * Financial Feasibility Study
- * Audited Annual Financial Statements
- * Real Estate Appraisal
- * Building Plans & Specifications
- * Construction Estimates
- * Environmental Impact Reports (EIR)
- ***** Corporate Credit Rating
- * Insurance Coverage's
- ***** Governance and Management

Application Time Process

Borrower Cal-Mortgage

Prepare Application X

* Application Review (30-60 days) X

* Loan Committee (1 Day) X X

* Letter of Commitment (14 days) X

* Bond Sale/Close of Escrow (30-60 days) X X

* Total Time: 120 Days from Start to Finish

Advisory Loan Insurance Committee

- Mort Raphael, Chair Health Care Planning Consultant
- * Kathy Lim Ko, Vice Chair Primary Health Care Consultant
- * Bruce Fairbanks, CPA UC Davis Health Systems
- * Dwayne Jones CEO, Fairchild Medical Center
- * Norman Martin CEO, The Mardel Group, Inc.
- * Fredric Prager Managing Director, Prager, McCarthy & Sealy
- * Robert Taylor Long-term Care Administrator
- * Designated Representative, CA Dept. of Finance

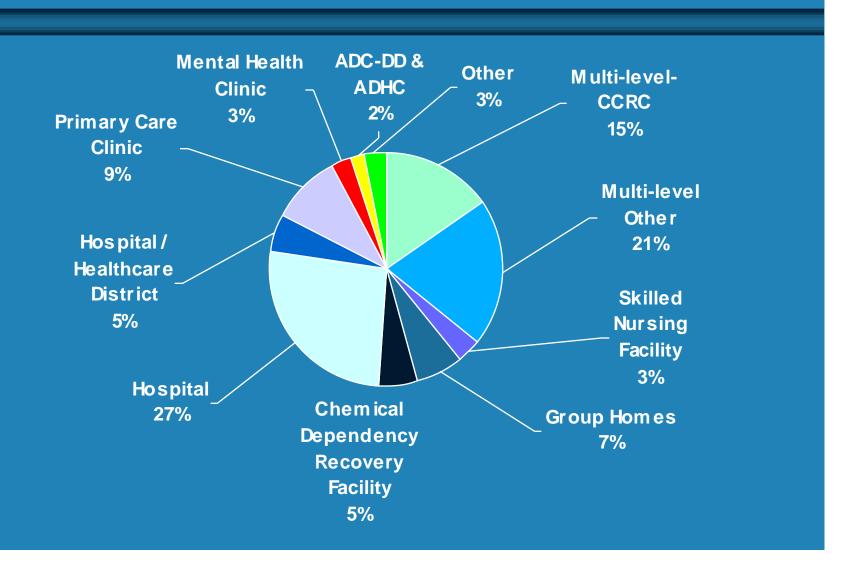
Our Portfolio

* \$1,166,847,458 of Current Risk

* 182 Insured Projects

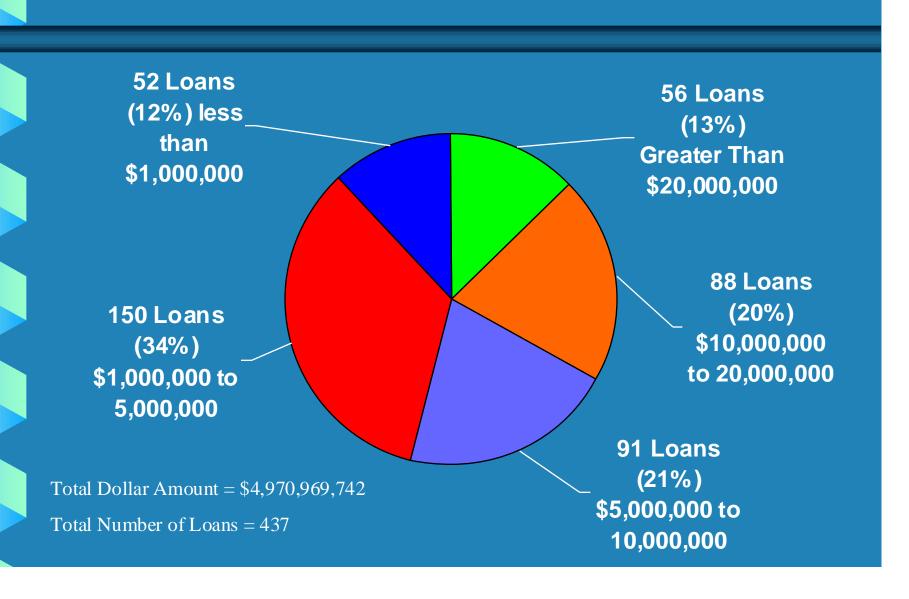
*** \$3 Billion of Underwriting Authority**

% of Loans by Total \$ Insured



Total Number of all Insured Loans Sorted by Size

As of June 30, 2002



Recent Changes

- * New Insurance Premium Schedule
- ** Regulatory Agreement Changes
- ** Revised Cal-Mortgage State Plan

* FHA/HUD 242 Program

Why Consider Cal-Mortgage

- *** California's Credit Rating**
 - "A+" by Standard and Poors
- * Repeat Accessibility
- * Credit Relationship is in California
- * Limited Commercial Insurance

Contact Cal-Mortgage

* Cal-Mortgage Loan Insurance Division 300 Capitol Mall, Suite 1500 Sacramento, CA 95814-4327

* Phone: (916) 324-9957

* Fax: **(916) 445-2837**

* E-mail: **CMInsure@oshpd.state.ca.us**

* Web: www.oshpd.state.ca.us/calmort



CENTRAL COAST NEUROBEHAVIOR CENTER, INC.

Array of Services

- Six homes for disabled persons
- Two day programs
- One small apartment complex





- Out patient therapy
- Vocational services
- Supported living services

Established in 1984



4.6 dollar annual budget



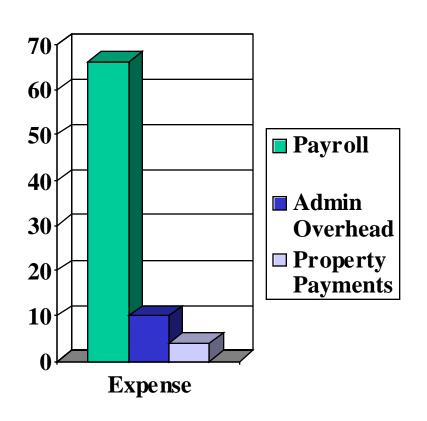
140 persons served/130 employees



Assets

- Property
- Equipment

Expenses



- 66% to 70% payroll
- 10% to 20% admin overhead
- 4% to 7% property payment
- Property taxes third highest expense

Chart on savings from CHFFA

History of loans/grants

<u>Year</u>	<u>Loan</u>				Interest	Convent	<u>Interest</u>	
of loan	<u>n type</u>	<u>Term</u>	<u>Amount</u>	<u>Rate</u>	<u>life/loan</u>	<u>rate</u>	<u>life/loan</u>	<u>Savings</u>
1986	Cal mortgage	30 years	410,000	6.9	562,09	4 11	995,619	433,525
1995	HELP II loan	10 years	310,000	3	49,20	6 10	181,601	132,395
2001	HELP II loan	5 years	75,900	3	5,929	9 7.25	14,813	8,884
2001	HELP II loan	10 years	189,000	3	29,929	9 7.25	77,266	47,337
2002	HealthCap loan	15 years	440,000	7	271,87	3 7.25	82,987	11,114
						r ·	Γotal	633,255
2000	OSHPD gran	nt for capit	al improven	nents				39,000
2001	OSHPD gran	nt for capit	al improven	nents				46,000
							Total	85,000

OPTION'S Assets developed with Bond Proceeds

	Approx.	Outstanding	
	Value	Debt	Asset
Morro Bay House	430,000	168,000	262,000
San Luis Obispo House	605,000	439,000	166,000
Atascadero House 1	285,000	168,000	117,000
Atascadero House 2	330,000	0	330,000
Day Program Atascadero	<u>200,000</u>	<u>175,000</u>	<u>25,000</u>
7	Total 1,850,000	950,000	900,000

Chase Interest Rates

- Property values in California almost always appreciate
- No reason why an organization's foundation cannot be built similar to estate building
- Make property work for you



Celebrating 30 Years

of

Healthy Families

Michael O. Sullivan, M.S.

Chief Executive Officer



MISSION STATEMENT

The mission of Golden Valley Health Centers is to improve the health status of our patients by providing quality, primary health care services to people in the communities we serve regardless of language, financial or cultural barriers.



GVHC VISION

"Golden Valley Health Centers will be known as a premier organization ensuring access to high quality, culturally responsive, and comprehensive primary health care for our patients, especially the underserved."



GVHC VALUES

- •Excellence We strive to provide the best possible health care to our patients.
 - •Efficiency We provide services in a prompt, courteous, and cost-effective manner.
 - •Access We dedicate ourselves to increasing access to health care for the underserved.



GVHC VALUES

- Advocacy We champion for social change to promote equality in health care.
- **Respect** We respect the inherent value of each person with whom we interact.
 - Innovation We commit to the creative and intelligent use of new technology and clinical practices.



History

- Founded in 1972. Celebrating our 30th year!
- A migrant health foundation.
- Murrow's "Harvest of Shame"
- Continual growth.



Structure/Organization

- Private, non profit
- 325+ employees including 45 Clinicians
- 14 licensed health centers
- Revenue: \$19 million
- JCAHO Accreditation
- FTCA Malpractice



Services

- Medical (primary care)
- Dental
- Behavioral health
- Health education
- Community outreach

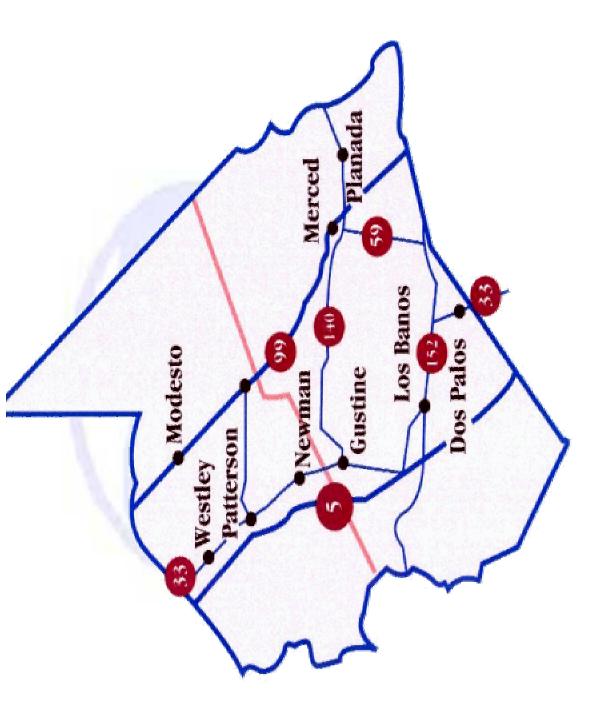


Special Populations

- Farm workers
- Homeless individuals/families
- Uninsured poor
- School children/families/community



GOLDEN VALLEY HEALTH CENTERS





- Malpractice Provided through the Federal Tort Claims Act (FTCA)
- Accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO)



Legal Counsel John Fredenburg **Board of Directors**

Chairperson: Ernestine Woods,RN

Chief Executive Officer

Michael Sullivan, M.S.

Standing Committees

Executive Chair: Ernestine Woods, RN

Finance

Chair: Cora Gonzales, LVN

Personnel

Chair: Thomas Keene

Program & Planning Chair: Open

Chief Operations Officer

Randy Pirtle, MS

Operations Assistant Susan Rogers

Regional Clinical Supervisor - Merced Gladys Brisco-Roche

Regional Clinical Supervisor - Stanislaus Susan Rutherford

Puentes Coordinator Lori Buendia

Medical Records Coordinator Ginger Smith

Special Programs Manager

Randy Pirtle

Health Education Kennoris Bates

> Outreach Kim Scott

Chief Financial Officer

Lue Thao

Financial Analyst Octavius Gonzaga

Accounting Supervisor

Nancy Chapman

Accounting Specialist Vivian Cerda

Central Purchasing Clerk

Lydia Ostos

Payroll Susan Griffith

Accounts Payable Georgia Jeffrey

Accounts Receivable Supervisor Josi e Elie

Accounting Clerks

Data Entry Clerks

Chief Information Officer

Raymond Parris

Programmer Open

Network Administrator

Lance Ollenborger

System Administrator

There sa Rodrigue z

System Operator Joann Martinez

Techni cian Henry Ildefonzo

Data Student Luis Garcia Daryl Cox

Dental Director

Lisa Swenson, DDS

Dental Managers Merced

Andrea Pezoldt, DDS

Los Banos Raymond Rodriguez. DDS

> Patterson Tim Ory, DDS

Robertson Road Jeffrey Joe, DDS

Hanshaw Julie Penders, DDS

> Planada John Lee, DDS

Hum. Resources Director

John S. Alexander, MBA

Human Resources Generalist

Human Resources Assistant Open

Jessie Portillo

Provider Relations

Helen Roehlk

Clinical Directors

Dos Palos Chandana Veluri, M.D. Los Banos Michael Gorman, M.D. Merced Suite A, B, C John Aleman, M.D. Merced Suite A David Simenson, M.D. Planada

Open Gustine/Newman Open Modesto/Hanshaw/RR Silvia Diego, M.D. Corner of Hope Lynn Tripp, FNP Patterson Open

Westley

Colleen Griffin

Merced County Women's Brian Vierra, MD Stanislaus County Women's Christopher Grover, M.D.

Chief Medical Officer

David Campa M.D.

Assoc. Medical Directors Dave Simenson, MD - QM

Silvia Diego, MD-Stanislaus Count y

Medical Staff Coordinator

Gloria Kohn

Assistant Medical

Staff Coordinator Laura Gomes

Administrative

Assistant Heather Laux

Cul tu ral Competency Prog Coordinator

Elizabeth Chavez

Mental Health Program Manager

Cesar Garcia, MSW, LCSW



Board of Directors

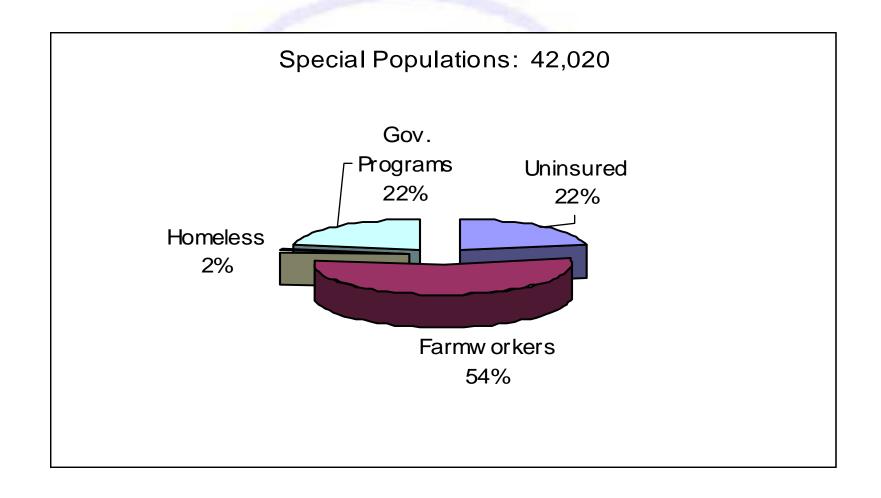
Eleven members:

- 6 Consumers
 - 3 represent migrant farm workers
 - 1 represents homeless population of Modesto
- 5 Public Members from health, business, and law professions



Patient Demographics

2000 Total Patient Population: 49,405





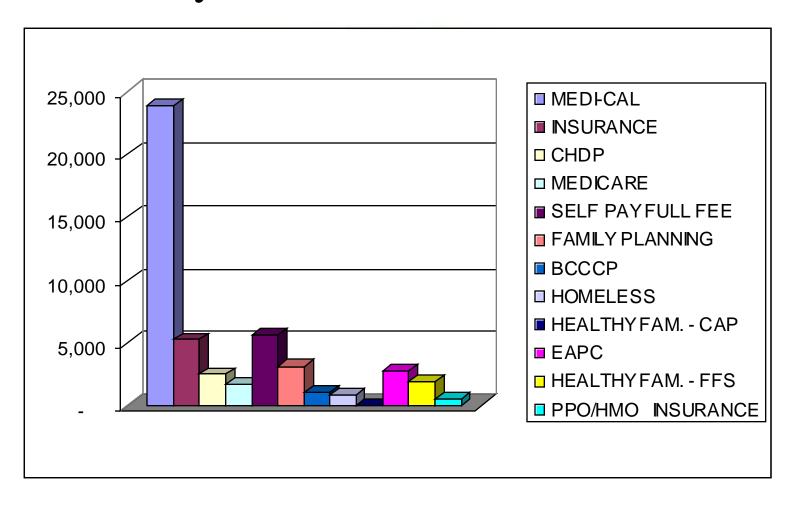
Revenue Sources

- Medi-Cal
 - Fee-for-Service (PPS)
 - Managed Care (BC)
- Medicare
- Healthy Families
 - Fee for Service
 - Capitated
- Private Insurance

- State Programs
 - Family Planning
 - Child Health and Disability Program
 - Cancer Screening Programs (BCCCP)
- Grant Programs
 - BPHC Federal Grants
 - » Migrant/CHC
 - » Homeless
 - Expanded Access to Primary Care (EAPC)
 - State Farmworker



Users by Revenue Source FY2000





HEALTH EDUCATION AND OUTREACH SERVICES

- BILINGUAL DELIVERY OF SERVICES
- HEALTH EDUCATION REFERRAL SYSTEM
- DIABETES AND ASTHMA PROGRAMS
- SMOKING CESSATION CLASSES
- MANY OTHER HEALTH-RELATED TOPICS

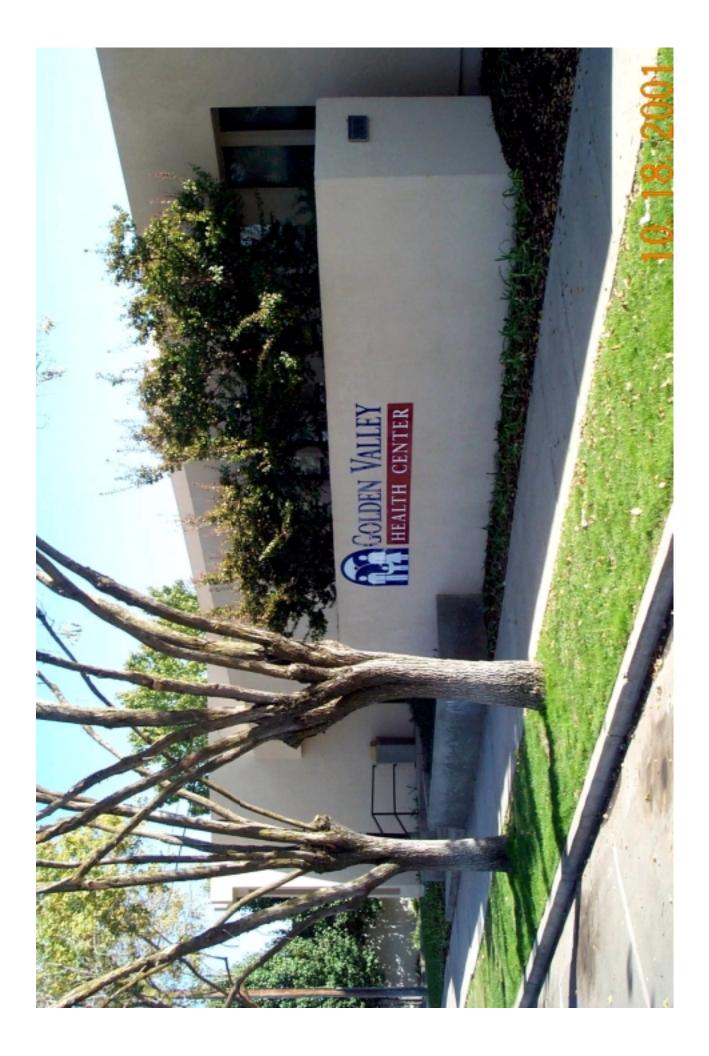


WOMEN'S HEALTH PROGRAMS

BREAST AND CERVICAL CANCER CONTROL PROGRAM (BCCCP) and BREAST CANCER EARLY DETECTION PROGRAM (BCEDP)

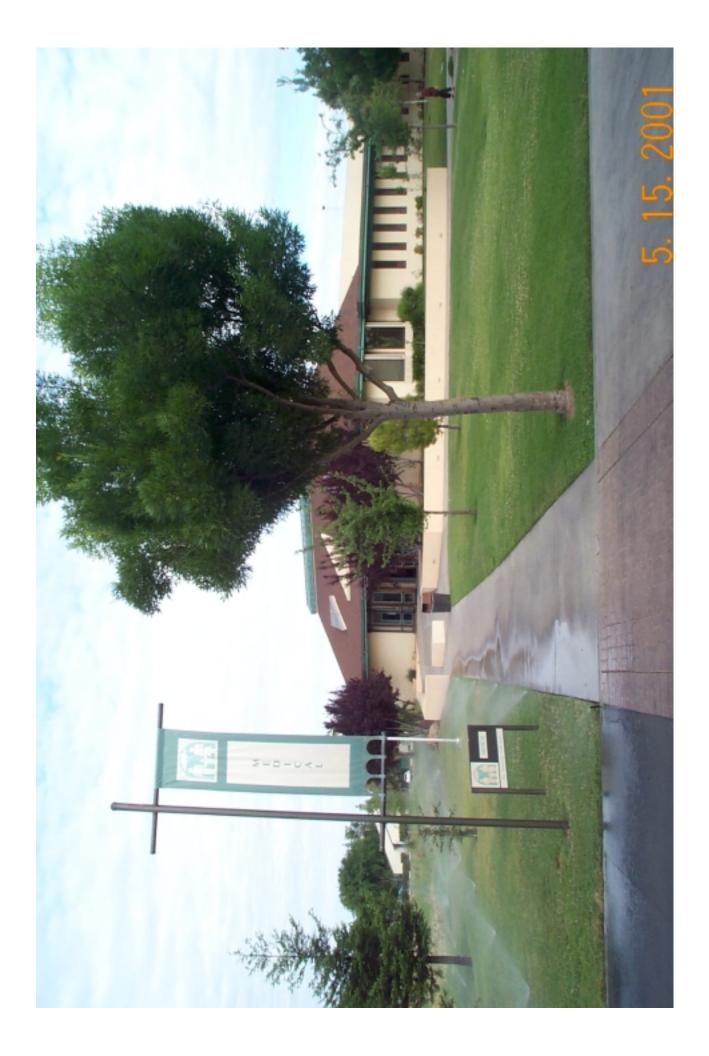
COMPREHENSIVE PERINATAL SERVICES PROGRAM (CPSP)

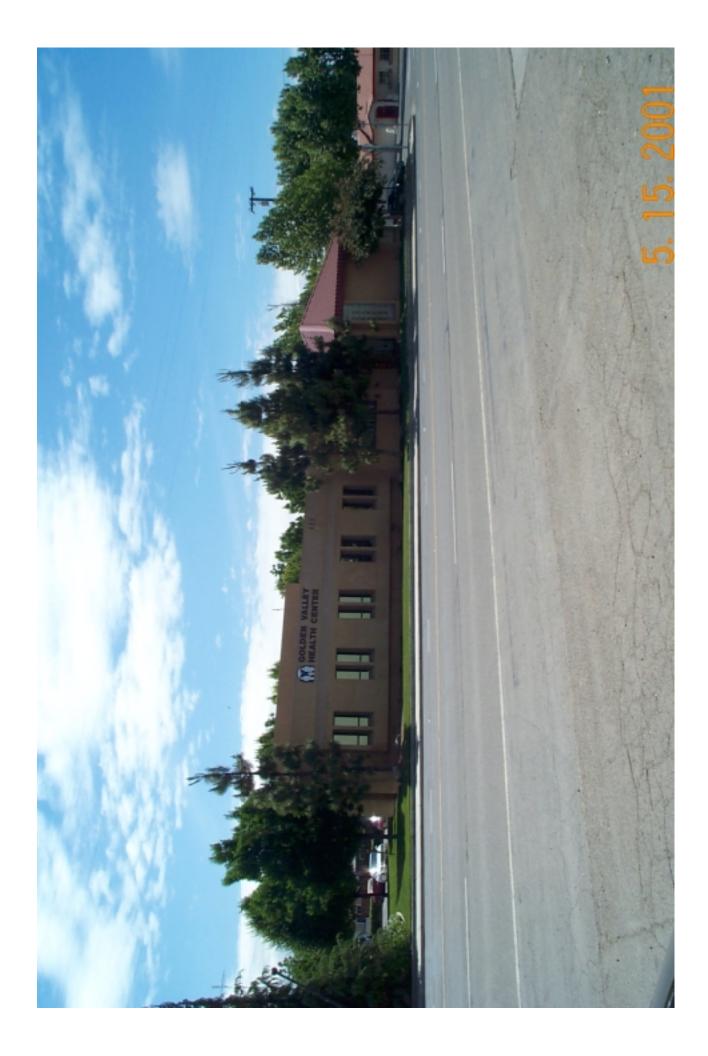
FAMILY PLANNING













Capital Loans

- Key Sources
 - Farmers Home Administration
 - Cal Mortgage
 - CHFFA
 - NCB
 - Private banks
 - Hospitals